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SECURITIES AND EXCHANGE COMMISSION  
(Release No. 34-76098; File No. SR-MIAX-2015-58)

October 7, 2015

Self-Regulatory Organizations; Miami International Securities Exchange LLC; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Amend Its Fee Schedule

Pursuant to the provisions of Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on September 28, 2015, Miami International Securities Exchange LLC (“MIAX” or “Exchange”) filed with the Securities and Exchange Commission (“Commission”) a proposed rule change as described in Items I, II, and III below, which Items have been prepared by the Exchange. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change

The Exchange is filing a proposal to amend the MIAX Options Fee Schedule (the “Fee Schedule”). The text of the proposed rule change is available on the Exchange’s website at [http://www.miaxoptions.com/filter/wotitle/rule\\_filing](http://www.miaxoptions.com/filter/wotitle/rule_filing), at MIAX’s principal office, and at the Commission’s Public Reference Room.

II. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, the Exchange included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified

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<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

in Item IV below. The Exchange has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.

A. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

1. Purpose

The Exchange proposes to amend its Fee Schedule to change the transaction fee rebates for Priority Customer<sup>3</sup> orders submitted by Members that meet certain percentage thresholds of national customer volume in multiply-listed option classes listed on MIAX in the Priority Customer Rebate Program (the “Program”).<sup>4</sup>

Priority Customer Rebate Program

Currently, the Exchange credits each Member the per contract amount resulting from each Priority Customer order transmitted by that Member that is executed electronically on the Exchange in all multiply-listed option classes (excluding Qualified Contingent Cross Orders,<sup>5</sup>

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<sup>3</sup> The term “Priority Customer” means a person or entity that (i) is not a broker or dealer in securities, and (ii) does not place more than 390 orders in listed options per day on average during a calendar month for its own beneficial accounts(s). See Exchange Rule 100.

<sup>4</sup> See Securities Exchange Act Release Nos. 75856 (September 8, 2015), 80 FR 55158 (September 14, 2015)(SR-MIAX 2015-53); 75631 (August 5, 2015), 80 FR 48382 (August 6, 2015) (SR-MIAX-2015-51); 74758 (April 17, 2015), 80 FR 22756 (April 23, 2015)(SR-MIAX-2015-27); 74007 (January 9, 2015), 80 FR 1537 (January 12, 2015) (SR-MIAX-2014-69); 72799 (August 8, 2014), 79 FR 47698 (August 14, 2014) (SR-MIAX-2014-40); 72355 (June 10, 2014), 79 FR 34368 (June 16, 2014) (SR-MIAX-2014-25); 71698 (March 12, 2014), 79 FR 15185 (March 18, 2014) (SR-MIAX-2014-12); 71283 (January 10, 2014), 79 FR 2914 (January 16, 2014) (SR-MIAX-2013-63); 71009 (December 6, 2013), 78 FR 75629 (December 12, 2013) (SR-MIAX-2013-56).

<sup>5</sup> A Qualified Contingent Cross Order is comprised of an originating order to buy or sell at least 1,000 contracts, or 10,000 mini-option contracts, that is identified as being part of a qualified contingent trade, as that term is defined in Interpretations and Policies .01 below, coupled with a contra-side order or orders totaling an equal number of contracts. A Qualified Contingent Cross Order is not valid during the opening rotation process described in Rule 503. See Exchange Rule 516(j).

mini-options,<sup>6</sup> Priority Customer-to-Priority Customer Orders, PRIME Auction Or Cancel Responses, PRIME Contra-side Orders, PRIME Orders for which both the Agency and Contra-side Order are Priority Customers,<sup>7</sup> and executions related to contracts that are routed to one or more exchanges in connection with the Options Order Protection and Locked/Crossed Market Plan referenced in MIAX Rule 1400), provided the Member meets certain tiered percentage thresholds in a month as described in the Priority Customer Rebate Program table.<sup>8</sup> For each Priority Customer order transmitted by that Member and executed electronically on the Exchange, MIAX will continue to credit each member at the per contract rate for option classes that are not in MIAX Select Symbols (as defined below). For each Priority Customer order transmitted by that Member and executed electronically on the Exchange in MIAX Select Symbols (as defined below), MIAX will continue to credit each Member at the separate per contract rate for MIAX Select Symbols.<sup>9</sup> For each Priority Customer order submitted into the PRIME Auction as a PRIME Agency Order, MIAX will continue to credit each member at the

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<sup>6</sup> A mini-option is a series of option contracts with a 10 share deliverable on a stock, Exchange Traded Fund share, Trust Issued Receipt, or other Equity Index-Linked Security. See Exchange Rule 404, Interpretations and Policies .08.

<sup>7</sup> The MIAX Price Improvement Mechanism (“PRIME”) is a process by which a Member may electronically submit for execution (“Auction”) an order it represents as agent (“Agency Order”) against principal interest, and/or an Agency Order against solicited interest. For a complete description of PRIME and of PRIME order types and responses, see Exchange Rule 515A.

<sup>8</sup> See Fee Schedule Section (1)(a)(iii).

<sup>9</sup> See Securities Exchange Release Nos. 75856 (September 8, 2015), 80 FR 55158 (September 14, 2015)(SR-MIAX 2015-53); 75631 (August 5, 2015), 80 FR 48382 (August 6, 2015) (SR-MIAX-2015-51); 74291 (February 18, 2015), 80 FR 9841 (February 24, 2015)(SR-MIAX-2015-09); 74288 (February 18, 2015), 80 FR 9837 (February 24, 2015) (SR-MIAX-2015-08); 71700 (March 12, 2014), 79 FR 15188 (March 18, 2014) (SR-MIAX-2014-13); 72356 (June 10, 2014), 79 FR 34384 (June 16, 2014) (SR-MIAX-2014-26); 72567 (July 8, 2014), 79 FR 40818 (July 14, 2014) (SR-MIAX-2014-34); 73328 (October 9, 2014), 79 FR 62230 (October 16, 2014) (SR-MIAX-2014-50).

separate per contract rate for PRIME Agency Orders.<sup>10</sup> The volume thresholds are calculated based on the customer volume over the course of the month. Volume will be recorded for and credits will be delivered to the Member Firm that submits the order to the Exchange.

The amount of the rebate is calculated beginning with the first executed contract at the applicable threshold per contract credit with rebate payments made at the highest achieved volume tier for each contract traded in that month. For example, under the current Program, a Member that executes a number of Priority Customer contracts above 1.75% of the national customer volume in multiply-listed options during a particular calendar month currently receives a credit of \$0.21 for each Priority Customer contract in both non-Select Symbols and Select Symbols executed during that month, even though there are lower incremental percentages for lower volume tiers leading up to the 1.75% volume threshold.

The current Priority Customer Rebate Program table designates the following monthly volume tiers and corresponding per contract credits:

Percentage Thresholds of National Customer Volume in Multiply-Listed Options Classes Listed on MIAX (Monthly)	Per Contract Credit (Non-Select Symbols)	Per Contract Credit in MIAX Select Symbols	Per Contract Credit for PRIME Agency Order
Tier 1 0.00% - 0.50%	\$0.00	\$0.00	\$0.10
Tier 2 Above 0.50% - 1.00%	\$0.10	\$0.10	\$0.10
Tier 3 Above 1.00% - 1.75%	\$0.15	\$0.21	\$0.10
Tier 4 Above 1.75%	\$0.21	\$0.21	\$0.10

<sup>10</sup> See Securities Exchange Release No. 72943 (August 28, 2014), 79 FR 52785 (September 4, 2014) (SR-MIAX-2014-45).

The \$0.21 per contract credit described in Tier 4 is applied to each contract traded in both non-Select Symbols and Select Symbols in that month, beginning with the first contract executed in a particular month if the Tier 4 volume threshold is achieved.

#### Proposal

The Exchange proposes to decrease the per contract credit for transactions in MIAX Select Symbols for tier 3. Currently, the Exchange credits \$0.21 per contract for qualifying Priority Customer transactions in MIAX Select Symbols in tier 3. The Exchange proposes to decrease the per contract credit for transactions in MIAX Select Symbols to \$0.20 for the tier 3 volume threshold.

The Exchange also proposes to increase the per contract credit for transactions in MIAX Select Symbols for tier 4. Currently, the Exchange credits \$0.21 per contract for qualifying Priority Customer transactions in MIAX Select Symbols in tier 4. The Exchange proposes to increase the per contract credit for transactions in MIAX Select Symbols to \$0.24 for the tier 4 volume threshold.

Specifically, the new per contract credits will be as set forth in the following table:

Percentage Thresholds of National Customer Volume in Multiply-Listed Options Classes Listed on MIAX (Monthly)	Per Contract Credit (Non-Select Symbols)	Per Contract Credit in MIAX Select Symbols	Per Contract Credit for PRIME Agency Order
Tier 1 0.00% - 0.50%	\$0.00	\$0.00	\$0.10
Tier 2 Above 0.50% - 1.00%	\$0.10	\$0.10	\$0.10
Tier 3 Above 1.00% - 1.75%	\$0.15	\$0.20	\$0.10
Tier 4	\$0.21	\$0.24	\$0.10

Above 1.75%			
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The Exchange believes that the proposed new monthly credits should provide incentives for Members to direct greater Priority Customer trade volume to the Exchange in Select Symbols at the highest volume threshold.

The proposed new monthly per contract credits will apply to MIAX Select Symbols,<sup>11</sup> with the per contract credit increasing for certain monthly volume thresholds. The monthly per contract rebate will decrease to \$0.20 for all contracts executed in Select Symbols in tier 3 in order to incentivize Members to trade such number of contracts per month in Select Symbols which will earn them the proposed higher rebate in tier 4. Accordingly, the monthly per contract rebate will increase to \$0.24 for all contracts executed in Select Symbols in tier 4.

All other aspects of the Program will remain unchanged. The Exchange is not proposing any change to the per contract credit for non-Select Symbols or for PRIME Agency Orders. Consistent with the current Fee Schedule, the Exchange will continue to aggregate the contracts resulting from Priority Customer orders transmitted and executed electronically on the Exchange from affiliated Members for purposes of the thresholds above, provided there is at least 75% common ownership between the firms as reflected on each firm's Form BD, Schedule A. In the event of a MIAX System outage or other interruption of electronic trading on MIAX, the Exchange will adjust the national customer volume in multiply-listed options for the duration of

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<sup>11</sup> The term "MIAX Select Symbols" means options overlying AA, AAL, AAPL, AIG, AMAT, AMD, AMZN, BA, BABA, BBRY, BIDU, BP, C, CAT, CBS, CELG, CLF, CVX, DAL, EBAY, EEM, FB, FCX, GE, GILD, GLD, GM, GOOGL, GPRO, HAL, HTZ, INTC, IWM, JCP, JNJ, JPM, KMI, KO, MO, MRK, NFLX, NOK, NQ, ORCL, PBR, PFE, PG, QCOM, QQQ, RIG, S, SPY, SUNE, T, TSLA, USO, VALE, VXX, WBA, WFC, WMB, WY, X, XHB, XLE, XLF, XLP, XOM, XOP and YHOO. See Fee Schedule, note 13.

the outage. A Member may request to receive its credit under the Priority Customer Rebate Program as a separate direct payment.

The purpose of the proposed rule change is to encourage Members to direct greater Priority Customer trade volume to the Exchange in Select Symbols at the highest volume threshold and to compete with other options exchanges that have similar rebates.<sup>12</sup> The Exchange believes that increased Priority Customer volume in Select Symbols at the highest volume threshold will attract more liquidity to the Exchange, which benefits all market participants. Increased retail customer order flow should attract professional liquidity providers (Market Makers), which in turn should make the MIAX marketplace an attractive venue where Market Makers will submit narrow quotations with greater size, deepening and enhancing the quality of the MIAX marketplace. This should provide more trading opportunities and tighter spreads for other market participants and result in a corresponding increase in order flow from such other market participants.

The specific volume thresholds of the Program's tiers are set based upon business determinations and an analysis of current volume levels. The volume thresholds are intended to incentivize firms to increase the number of Priority Customer orders they send to the Exchange so that they can achieve the next threshold, and to encourage new participants to send Priority Customer orders as well. Increasing the number of orders sent to the Exchange will in turn provide tighter and more liquid markets, and therefore attract more business overall. Similarly, the different credit rates at the different tier levels are based on an analysis of current revenue and volume levels and are intended to provide increasing "rewards" to MIAX participants for increasing the volume of Priority Customer orders sent to, and Priority Customer contracts

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<sup>12</sup> See, e.g., Securities Exchange Act Release No. 75702 (August 14, 2015), 80 FR 50685 (August 20, 2015)(SR-PHLX-2015-68).

executed on, the Exchange. The specific amounts of the tiers and rates are set in order to encourage suppliers of Priority Customer order flow to reach for higher tiers.

The credits paid out as part of the program will be drawn from the general revenues of the Exchange.<sup>13</sup> The Exchange calculates volume thresholds on a monthly basis.

The Exchange proposes to implement the proposed changes to the Fee Schedule effective as of October 1, 2015.

## 2. Statutory Basis

The Exchange believes that its proposal to amend its Fee Schedule is consistent with Section 6(b) of the Act<sup>14</sup> in general, and furthers the objectives of Section 6(b)(4) of the Act<sup>15</sup> in particular, in that it is an equitable allocation of reasonable fees and other charges.

The Exchange believes that the proposal is equitable and not unfairly discriminatory. The Program and the proposed decrease in the per contract rebate for all contracts executed in Select Symbols in tier 3 is reasonably designed because it will encourage Members to send increased volume of Priority Customer order flow in Select Symbols in order to reach the highest volume threshold, thereby receiving the greater per contract credit. The proposed increase in the per contract rebate for all contracts executed in Select Symbols in tier 4 is reasonably designed because it will reward those providers of higher volume Priority Customer order flow in Select Symbols to the Exchange with the greater per contract credit for achieving volume tier 4. The Exchange believes that the proposed changes in the per contract rate for Select Symbols should improve market quality for all market participants. The proposed changes to the rebate program

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<sup>13</sup> Despite providing credits under the Program, the Exchange represents that it will continue to have adequate resources to fund its regulatory program and fulfill its responsibilities as a self-regulatory organization while the Program is in effect.

<sup>14</sup> 15 U.S.C. 78f(b).

<sup>15</sup> 15 U.S.C. 78f(b)(4).



are fair and equitable and not unreasonably discriminatory because they apply equally to all Priority Customer orders in Select Symbols. All similarly situated Priority Customer orders are subject to the same rebate schedule, and access to the Exchange is offered on terms that are not unfairly discriminatory. Furthermore, the proposed changes in credits for all contracts executed in Select Symbols in tiers 3 and 4 are equitable and not unfairly discriminatory because the proposed rates and changes encourage Members to direct increased amounts of Priority Customer contracts in Select Symbols to the Exchange in order to achieve the highest volume threshold thereby receiving the largest per contract credit. Market participants want to trade with Priority Customer order flow. To the extent Priority Customer order flow is increased by the proposal, market participants will increasingly compete for the opportunity to trade on the Exchange including sending more orders and providing narrower and larger sized quotations in the effort to trade with such Priority Customer order flow. The resulting increased volume and liquidity will benefit all Exchange participants by providing more trading opportunities and tighter spreads.

**B. Self-Regulatory Organization's Statement on Burden on Competition**

The Exchange does not believe that the proposed rule change will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. The Exchange believes that the proposed change would increase both intermarket and intramarket competition by encouraging Members to direct their Priority Customer orders in Select Symbols to the Exchange, which should enhance the quality of quoting and increase the volume of contracts traded on MIAX. Respecting the competitive position of non-Priority Customers, the Exchange believes that this rebate program should provide additional liquidity that enhances the quality of its markets and increases the number of trading opportunities on MIAX for all participants, including non-Priority Customers, who will be able to compete for such

opportunities. This should benefit all market participants and improve competition on the Exchange.

The Exchange notes that it operates in a highly competitive market in which market participants can readily favor competing venues if they deem fee levels at a particular venue to be excessive. In such an environment, the Exchange must continually adjust its fees and rebates to remain competitive with other exchanges and to attract order flow to the Exchange. The Exchange believes that the proposed rule change reflects this competitive environment because it encourages market participants to direct an increased volume of customer order flow, to provide liquidity, and as a result to attract additional transaction volume to the Exchange. Given the robust competition for volume among options markets, many of which offer the same products, enhancing the existing volume based customer rebate program to attract a higher volume of order flow is consistent with the goals of the Act. The Exchange believes that the proposal will enhance competition, because market participants will have another additional pricing consideration in determining where to execute orders and post liquidity if they factor the benefits of the proposed rebate program into the determination.

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others

Written comments were neither solicited nor received.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A)(ii) of the Act,<sup>16</sup> and Rule 19b-4(f)(2)<sup>17</sup> thereunder. At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the

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<sup>16</sup> 15 U.S.C. 78s(b)(3)(A)(ii).

<sup>17</sup> 17 CFR 240.19b-4(f)(2).

protection of investors, or otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings to determine whether the proposed rule should be approved or disapproved.

#### IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act.

Comments may be submitted by any of the following methods:

##### Electronic comments:

- Use the Commission's Internet comment form  
<http://www.sec.gov/rules/sro.shtml>; or
- Send an e-mail to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include File Number SR-MIAX-2015-58 on the subject line.

##### Paper comments:

- Send paper comments in triplicate to Brent J. Fields, Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-1090.

All submissions should refer to File Number SR-MIAX-2015-58. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet website <http://www.sec.gov/rules/sro.shtml>. Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for website viewing and printing in the Commission's Public Reference Room, 100 F

Street, NE, Washington, DC 20549, on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of the filing also will be available for inspection and copying at the principal office of the Exchange. All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR-MIAX-2015-58 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>18</sup>

Robert W. Errett  
Deputy Secretary

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<sup>18</sup> 17 CFR 200.30-3(a)(12).